AMENDED IN SENATE MAY 20, 2003

SENATE BILL No. 767

Introduced by Senator Florez

February 21, 2003

An act *to add Division 112 (commencing with Section 130420) to the Health and Safety Code,* relating to health*, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 767, as amended, Florez. Health care~~:~~ safety net.

~~Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons.~~

Existing law establishes various publicly funded health care programs and imposes various functions and duties on hospitals, clinics, and other health facilities that receive state funds with respect to the provision of health care.

This bill would ~~state the intent of the Legislature to~~ enact the California ~~Healthcare~~ *Health Care* Safety Net Act of 2003, that ~~will, among other things,~~ *would* set a minimum ~~standard for access and availability of health care for the most underserved and uninsured populations of California~~ *level of funding for specified health care programs, and would prohibit these programs from being included in any transfer of responsibility and funding from state government to local governments. It would also require a hospital, as a condition of receiving funds allocated for emergency departments from public sources, to have a written memorandum of understanding or other formal agreement between the hospital and nonprofit community health*

centers in its area that would require emergency departments to establish a process, including protocols, whereby an emergency department would refer nonemergency care patients to nonprofit health centers for preventive primary care services and nonprofit community health centers would refer inpatient care cases to hospitals.

This bill would require the Director of Health Services to establish a task force composed of representatives of specified provider groups for purposes of assessing whether other programs should be added to the programs included in the health care safety net. It would require the task force, on or before March 1, 2004, to report to the Legislature regarding the status of the health care safety net.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~ *2/3*. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

The people of the State of California do enact as follows:

~~SECTION 1. It is the intent of the Legislature to enact the California Healthcare Safety Net Act of 2003, that will, among other things, set a minimum standard for access and availability of health care for the most underserved and uninsured populations of California.~~

SECTION 1. The Legislature finds and declares all of the following:

(a) According to the California Current Population Survey Report, March 2001 data, there were approximately 34.7 million persons residing in California in 2000, with 48 percent being White, 31.5 percent Latino, 12.5 percent Asian/Pacific Islander, 6.7 percent Black, and 1 percent other.

(b) Thirteen and one-fifth percent of Californians lived below the poverty level in 2001—21.7 percent of Latinos lived in poverty, followed by 16.5 percent of Blacks, 11.9 percent of Asian/Pacific Islanders, and 7.4 percent of Whites.

(c) Approximately 6.2 million Californians (15 percent) were without health insurance during all or part of 2001, of which 58 percent of these individuals (3.6 million persons) were uninsured for the entire year.

(d) In 2001, 54 percent of the state's uninsured population was Latino, 28 percent were White, 10 percent were Asian, 4 percent

were African-American, and 4 percent were placed in the "other" category.

(e) Lower-income Californians are much more likely to be without health insurance, with 30 percent of those under the Federal Poverty Level (FPL) being uninsured; 26.2 percent of persons at 100 percent-200 percent of the FPL being uninsured, 15.1 percent of persons at 200 percent-300 percent of the FPL being uninsured, and 5.8 percent of persons at more than 300 percent of the FPL being uninsured.

(f) The costs of employment-based insurance and health care premiums continue to rise. National costs of employment-based premiums have risen since the mid-1980s, rising 12 percent in 1988, 2.3 percent in 1992, 0.8 percent in 1996, 3.7 percent in 1998, 4.8 percent in 1999, 8.3 percent in 2000, 11 percent in 2001, and 13 percent in 2002. The costs of employment-based health care premiums in California have also risen, but at slightly lower rates than the national average, for example 6 percent in 2000, 9.9 percent in 2001, and 12.7 percent in 2002.

(g) Wage growth and inflation have remained relatively constant since 1989 (5.1 percent and 4.1 percent respectively in 1989, to 4.4 percent and 1.4 percent in 1998, to 4.3 percent and 3.3 percent in 2001), while the costs of premiums have been erratic, dropping from 18 percent in 1989 to 0.8 percent in 1996, and steadily increasing from 4.4 percent in 1998 to 11 percent in 2001.

(h) The California Health Interview Survey found that 50 percent of uninsured workers who are eligible for job-based insurance turned down "the offer and eligibility phases of coverage because they were priced out in taking coverage, a group that constitutes only about 7 percent of uninsured workers."

(i) According to the Kaiser Employer Health Benefits 2002 Annual Survey, firms offering insurance report that 14 percent of their employees that are eligible for health insurance decline coverage because these employees cannot afford the employee share of the premium.

(j) According to the Urban Institute March 2002 report entitled, "Supporting the Rural Health Care Safety Net," in most rural communities all providers should be considered part of health care safety net—if not directly through their care for vulnerable populations, then indirectly through their contribution to the stability of the community's health care infrastructure.

(k) While California public policy does not define "health care safety net" or the providers that constitute this safety net, it is generally recognized that a health care safety net of providers exists in California to serve those persons who are unable to afford health care, for example the uninsured and working poor. The "health care safety net" plays many important roles such as treating injuries, sickness, and preventing chronic illness, containing the spread of contagious diseases, and protecting the general public, serving as a gateway to public health and social services.

(l) It is also generally recognized that health care safety net providers are those organizations and individuals that (1) provide significant levels of health care to the uninsured, working poor, and other vulnerable populations of the state covered by programs such as the Medi-Cal program, medicaid, and other patients, and (2) provide these services pursuant to a legal mandate or explicitly adopted mission to offer care to patients regardless of ability to pay.

(m) The National Governor's Conference has reported that funding for state governments has been very erratic over the last two decades and will continue to follow this pattern due to economic factors largely beyond the control of state governments that result in serious structural problems for programs serving working poor and indigent communities.

(n) The foundation of the California Health Care Safety Net shall be the patient populations who (1) do not earn enough income for private insurance, (2) their language and cultural practices serve as barriers to their securing preventive health care services due to the lack of cultural and linguistic competency among medical providers, (3) are isolated in rural areas, (4) specific illnesses or health conditions impact them disproportionately, and (5) their financial status directs them to seek health care services at hospital emergency rooms.

SEC. 2. Division 112 (commencing with Section 130420) is added to the Health and Safety Code, to read:

DIVISION 112. CALIFORNIA HEALTH CARE SAFETY NET

130420. This division shall be known, and may be cited, as the California Health Care Safety Net Act of 2003.

130421. (a) The Legislature finds and declares that the health care programs specified in subdivision (b) that are funded by the state provide invaluable health care services to California's most vulnerable communities and shall constitute the "health care safety net."

(b) The health care safety net programs are all of the following:

(1) Adolescent Family Life (Article 1 (commencing with Section 124175) of Chapter 4 of Part 4 of Division 106).

(2) Black Infant Health Program.

(3) American Indian Health Services (Chapter 4 (commencing with Section 124575) of Part 4 of Division 106).

(4) Expanded Access to Primary Care (Article 2 (commencing with Section 124900) of Chapter 7 of Part 4 of Division 106).

(5) Rural Health Services Development (Chapter 5 (commencing with Section 124600) of Part 4 of Division 106).

(6) Health of Seasonal Agricultural and Migratory Workers (Chapter 3 (commencing with Section 124550) of Part 4 of Division 106).

(7) Grants-in-Aid for Clinics (Article 1 (commencing with Section 124875) of Chapter 7 of Part 4 of Division 106.

(8) Maternal and child health programs, including, but not limited to, Article 5 (commencing with Section 123800) of Chapter 3 of Part 2 of Division 106, and as set forth in Section 27.

(9) Local public health subvention (Sections 100236 and 121450).

130422. Notwithstanding any other provision of law, the minimum level of funding for the programs specified in Section 130421 shall be the levels established during the 2002–03 fiscal year.

130423. Notwithstanding any other provision of law, the health care programs specified in Section 130421 shall not be included in any "realignment" where the responsibility and funding for these programs is transferred from state government to local governments.

130424. (a) Hospital emergency departments shall also be a component of the health care safety net.

(b) As a condition of receiving funds allocated for emergency departments from public sources, a hospital shall have a written memorandum of understanding or other formal agreement between the hospital and nonprofit community health centers in its

area that would require emergency departments to establish a process, including protocols, whereby an emergency department would refer nonemergency care patients to nonprofit health centers for preventive primary care services and nonprofit community health centers would refer inpatient care cases to hospitals.

(c) In view of the savings incurred by hospitals by implementing the referral system specified in subdivision (b), it is the intent of the Legislature that these hospitals provide funding to assist nonprofit community health centers in providing preventive health care services to nonemergency patients who would otherwise seek care at hospital emergency departments.

130425. (a) The Director of Health Services shall chair and appoint a task force composed of no more than 10 persons, which shall consist of representatives of nonprofit community health centers, hospitals, other nonprofit community health providers, local health department officials, and any other groups the director considers important to the work of the task force and its annual recommendations specified in subdivision (b).

(b) The task force shall meet at least twice annually to assess whether other programs should be added to the list of programs specified in Section 130421 that constitute the health care safety net. The first meeting of the task force shall take place in November 2003.

(c) The task force shall make their recommendations no later than November of each fiscal year to the Governor and Legislature to ensure that the budget process considers fiscal implications.

(d) On or before March 1, 2004, the task force shall report to the Legislature regarding the status of the health care safety net and how well it is functioning in order to address the health care needs of California's most vulnerable populations.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to establish minimum funding levels for various health care programs and to increase the availability of funding in

connection with the provision of health care services at the earliest possible time, it is necessary that this act take effect immediately.

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